



# புதுச்சேரி மாநில அரசிதழ்

## La Gazette de L'État de Poudouchéry The Gazette of Puducherry

### PART - I

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EXTRAORDINAIRE

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### GOVERNMENT OF PUDUCHERRY LOCAL ADMINISTRATION SECRETARIAT

(G.O. Ms. No. 14/LAS/A4/2015, dated 3rd August 2015)

#### ORDER

The Government of India have introduced a New Defined Contribution Pension Scheme replacing the existing system of Defined Benefit Pension System. The said New Pension Scheme has come into operation with effect from 1-1-2004 and it is applicable to all new entrants to Central Government Service, except to Armed Forces, joining Government service on or after 1-1-2004 vide Office Memorandum No. 1(7)(2)/2003/TA/11, dated 7-1-2004 and No. 1(7)(2)/TA/2003/67-74, dated 4-2-2004 from Government of India, Ministry of Finance, Department of Expenditure, Controller-General of Accounts, New Delhi and Notification No. 5/7/2003-ECB&PR, dated 22-12-2003 from Government of India, Ministry of Finance, Department of Economic Affairs, ECB and PR Division, New Delhi.

2. In pursuance of the aforesaid Office Memoranda, the Government of Puducherry has also adopted the said New Defined Contribution Pension Scheme for its employees who have joined service on or after 1-1-2004 *vide* G.O. Ms. No. 137/2004/F4, dated 12-11-2004 of the Finance Department, Puducherry.

3. As far as the employees of Local Bodies are concerned, they were governed by the Central Civil Services (Pension) Rules, 1972 and orders, decisions and instructions issued by the Government from time to time under the said rules were *mutatis mutandis* made applicable to them *vide* the Puducherry Municipal Subordinate Services (Retirement and Pension) Rules, 1976 and the Puducherry Commune Panchayat Subordinate Services (Retirement and Pension) Rules, 1976.

4. On the basis of approval of the Government of Puducherry communicated to the Pension Fund Regulatory and Development Authority (PFRDA) to extend the Central Record Keeping Agency (CRA) facilities to cover the employees of the Government and Autonomous Bodies/ Public Sector Undertakings under it, as well, agreements have been already executed with CRA and NPS Trust on the condition that each such Autonomous Bodies/Public Sector Undertakings shall bear the cost of record keeping, etc., charged by the CRA for maintenance of accounts, etc.

5. The Secretary (Local Administration), Puducherry, in exercise of powers conferred by sub-section (2) of section 114 of the Puducherry Municipalities Act, 1973 and sub-section (2) of section 68 of the Puducherry Village and Commune Panchayats Act, 1973 and all other powers enabling him in this behalf is pleased to extend the New Defined Contribution Pension Scheme with necessary modifications as follows, to the employees of Local Bodies who have joined service on or after 1-1-2004.

**The salient features of the New Pension Scheme are as follows:—**

1. The New Pension Scheme will work on defined contribution basis and will have two tiers - Tier-I and Tier-II. Contribution to Tier-I is mandatory for all employees working in the Local Bodies joining on or after 1-1-2004, whereas Tier-II will be optional and at the discretion of the employees.

2. In Tier-I Local Bodies Employees will have to make a contribution of 10% of his Basic Pay plus Dearness Allowance, which will be deducted from his salary bill every month by the PAO concerned. The Local Bodies will make an equal matching contribution.

3. Tier-I contributions (and the investment returns) will be kept in a non-withdrawable pension Tier-I Account. Tier-II contributions will be kept in a separate account that will be withdrawable at the option of the Local Bodies employees. The Local Bodies will not make any contribution to Tier-II account.

4. The existing provisions of Defined Benefit Pension and General Provident Fund would not be available to new Local Bodies employees joining service on or after 1-1-2004.

5. In order to implement the scheme, there will be Central Record Keeping Agency and several Pension Fund Managers to offer three categories of Schemes to Local Bodies employees, *viz.*, options A, B and C based on the ratio of investment in fixed income instruments and equities. An independent Pension Fund Regulator and Development Authority (PFRDA) will regulate and develop the pension market.

6. As an interim arrangement, till such time, the Statutory PFRA is set up, an interim PFRDA has been appointed by issuing an executive order by Ministry of Finance (DEA).

7. Till the regular Central Record Keeping Agency and Pension Fund Managers are appointed and the accumulated balances under each individual account are transferred to them, it has been decided that such amounts representing the contributions made by the Local Body employees. The Local Body and the matching contribution made by the Local Bodies will be kept in the Public Account of India. This will be purely a temporary arrangement as announced by the Local Bodies employees.

8. It has also been decided that Tier-II will not be made operative during the interim period.

9. Local Bodies employees can exist at or after the age of 60 years from the Tier-I of the scheme. At exist, it would be mandatory for him to invest 40 per cent of pension wealth to purchase an annuity (from an IRDA, regulated Life Insurance Company), which will provide for pension for the lifetime of the employee and his dependent parents/spouse. In the case of Local Bodies employees who leave the scheme before attaining the age of 60, the mandatory annuitisation would be 80% of the pension wealth.

10. The following guidelines are issued for the implementation of the New Pension Scheme during the interim arrangement for the guidance of the PAOs/DDOs.

(a) The new pension scheme becomes operational with effect from 1-1-2004.

(b) Contributions payable by the Local Bodies employees towards the Scheme under Tier-I, (*i.e.*, 10% of the Basic Pay plus Dearness Allowance) will be recovered from the salary bills every month.

(c) The scheme of voluntary contributions under Tier-II will not be made operative during the period of interim arrangement and therefore, no recoveries will be made from the salaries of the employees on this account.

(d) Recoveries towards Tier-I contribution will start from the salary of the month following the month in which the Local Bodies employees has joined service. Therefore, no recovery will be effected for the month of joining. For example, for employees joining service in the month of January 2004, deductions towards Tier-I contribution will start from the salary bill of February 2004. No deduction will be made for his salary earned in January 2004. Similarly, deductions for those joining service in the month of February 2004 will start from the salary bill of March 2004 and so on.

(e) No deductions will be made towards General Provident Fund contribution from the Local Bodies employees joining the service on or after 1-1-2004 as the General Provident Fund Scheme is not applicable to them.

(f) It has been decided that pending formation of regular Central Record Keeping Agency, Central Pension Accounting Office will function as the Central Record Keeping Agency for the above scheme.

(g) Immediately on joining Local Bodies service, the Local Bodies employees will be required to provide particulars such as his name, designation, scale of pay, date of birth, nominee(s) for the fund, relationship of the nominee, etc., in the prescribed form (Annexure-I). The DDO concerned will be responsible for obtaining this information from all Local Bodies employees covered under the New Pension Scheme. Consolidated information for all those who have joined service during the month shall be submitted by the DDO concerned in the prescribed format (Annexure-II) to his Pay and Accounts Officer by 7th of the following month. Annexure-I will be retained by DDOs.

(h) On receipt of Annexure-II from the DDO, PAO will allot a unique 16 digit Permanent Pension Account Number (PPAN). The first four digits of this number will indicate the calendar year of joining in the service of the Local Bodies the next digit indicates whether is a Civil or a Non-Civil Ministry (for all Civil Ministries this digit will be "1"), the next six digits would represent the PAO code (which is used for the purpose of compiling monthly accounts), the last four digits will be the running Serial Number of the individual Local Bodies employee which will be allotted by the PAO concened. PAO will allot the Serial Number pertaining.

(i) The first Local Bodies employee joining service under Ministry of Civil Aviation under the accounting control of PAO (Sectt.), New Delhi in 2004, shall be allotted the following PPAN:—

Calendar Year				Civil Pin		PAO Code						Serial No.			
2	0	0	4	0	1	0	4	0	8	6	6	0	0	0	1

(j) The Pay and Accounts Officer will maintain an Index Register for the purpose of allotment of PPAN to new entrants to the Local Bodies service. Format of the Index register is given in Annexure-VII.

(k) The PAO will return to the DDO concerned, a copy of the statement duly indicating therein the Account Numbers allotted to each individual by 10th instant. DDO in turn will intimate the account number to the individuals concerned and also note in the pay bill register.

(l) The particulars of the Local Bodies employees received from the various DDOs will be consolidated by the PAO in the format (Annexure-II A) and sent to the Principal Accounts Office by the 12th of every month.

(m) The Principal Accounts Office in turn will consolidate the particulars in the prescribed format (Annexure-II B) and forward the same to Central Pension Accounting Office by 15th instant. The CPAO will feed this information in their computer database.

(n) The DDOs/CDDOs will prepare separate Pay Bill Registers in respect of the Local Bodies employees joining in service on or after 1-1-2004. The DDOs/CDDOs will have to prepare separate pay bills in respect of these Local Bodies employees and will sent the same with all the schedules to the PAO on or before 20th of the month to which the bills relate. Cheque Drawing DDOs may note that hereafter in respect of Local Bodies employees joining service on or 1-1-2004, they will only prepare pay bills and not make payments. Such bills will be sent by them to the Pay and Accounts Officers for pre-check and payment.

(o) The DDO/CDDO will prepare a recovery schedule in duplicate in the prescribed form (Annexure-III) for the contributions under Tier-I and attach them with the pay bills. The amount of the contributions under Tier-I should tally with the total amount of recoveries shown under the corresponding column in the pay bill.

(p) The accounting procedure for these deductions is being financial and shall be notified shortly.

(q) It may be noted that alongwith the salary bill for the Local Bodies employees who join service on or after 1-1-2004, the DDO/CDDO shall also prepare a separate bill for drawal of matching contributions to be paid by the Local Bodies and creditable to pension account.

(r) The bill for drawal of matching contribution should also be supported by schedules or recoveries in Form (Annexure-IV).

(s) On receipt of the salary bills in respect of the employees working in the Local Bodies joining service after 1-1-2004, PAO will exercise usual checks and pass the bill and make the payment. After the payment is made and posting done in the Detailed Posting Register, one set of schedules relating to pension contributions will be detached from the bills as done in the case of other schedules such as General Provident Fund, long-term advances. The schedules will then be utilised for posting the credits of contribution in the Detailed Ledger Account of the individual.

(t) The employee's contributions under Tier-I and Tier-II and Local Bodies employees contribution should be posted in different columns of the individual Ledger Account to be maintained in the format in (Annexure-V) and Broadsheet and tallied with the accounts figures as being done in the case of General Provident Fund.

(u) These accounts should not be mixed with General Provident Fund accounts and these records/ledger accounts should be independent of General Provident Fund accounts maintained in the case of pre 1-1-2004 entrants.

(v) The PAO will consolidate the information available in the New Scheme schedules received from the various DDOs and forward the same in a floppy in the prescribed Form (Annexure-VI) to Principal Accounts Office by 12th of the month following the months in which the credit pertains Principal Accounts Office in turn will consolidate the information and send the same in electronic Form to the Central Pension Accounting Office by 15th.

(w) CPAO on receipt of this information from all the Principal Accounting Offices (including the Non-Civil Ministries) will update its database and generate exception reports for missing credits, mismatches, etc., which will be sent back to the PAOs concerned through the Principal Accounts Offices for further action.

(x) Whenever any Local Bodies employee is transferred from one office to another either within the same accounting circle or to another accounting circle, balances will not be transferred by the PAO to the other Accounts Office. However, the DDO should clearly indicate in the LPC of the individual the unique account number, the month up to which Local Bodies employees contribution and Local Body's contribution have been transferred to the pension fund.

(y) No withdrawable of any will be allowed during the interim arrangements provisions regarding terminal payments in the event of untimely death of an employee or in the event of his leaving the service during the interim period shall be notified in due course.

(z) Detailed instructions on the interest payable on Tier-I balances shall be issued in due course.

(aa) At the end of each financial year, the CPAO will prepare Annual Account Statements for each employee showing the opening balance, details of monthly deductions and Local Body's matching contributions, interest earned, if any, and the closing balance. CPAO will send these statements to the Principal Accounts Offices for onward transmission to the DDO through the PAO.

(bb) After the close of each financial year, CPAO will have to report the details of the balances (PAO-wise) to each Principal Accounts Offices, who will forward the information to each PAO for the purpose of reconciliation. The PAO will reconcile the figures of contributions posted in the ledger account of the individuals as per their ledger with figures as per the books of CPAO.

(cc) After the appointment of CRA and Fund Managers, this office will issue detailed instructions on transfer of balances to CRA. A copy of the Notification No.5/7/2003-ECB&PR, dated 22-12-2003 of the Government of India, Ministry of Finance, Department of Economic Affairs, ECB & PR Division, New Delhi and No.5/7/2003-ECB & PR of the Government approved on 23rd August 2003 the proposal to implement the budget announcement of 2003-04 relating to introducing a new restructured Defined Contribution Pension System for new entrants to Central Government service, except to Armed Forces, in the first stage, replacing the existing system of Defined Benefit Pension System.

(i) The system would be mandatory for all new recruits to the Local Bodies employees service from 1st of January 2004. The monthly contribution would be 10 per cent of the salary and dearness allowance to be paid by the employee and matched by the Local Bodies. However, there will be no contribution from the Local Bodies in respect of individuals who are not Local Bodies Employees. The contributions and investment returns would be deposited in a non-withdrawable pension Tier-I account. The existing provisions of Defined Benefit Pension and General Provident Fund would not be available to the new recruits in the Local Bodies employees.

(ii) In addition to the above pension account each individual may also have a voluntary Tier-II withdrawable account at his option. This option is given as General Provident Fund will be withdrawn for new recruits in Local Bodies Employees. The Local Bodies make no contribution into this account. These assets would be managed through exactly the above procedures. However, the employee would be free to withdraw part or all of the 'second tier' of his money at any time. This withdrawable account does not constitute pension investment, and would attract no special tax treatment.

(iii) Individual, can normally exist at or after age 60 years for Tier-I of the pension system. At exit the individual would be mandatory required to invest 40 per cent of pension wealth to purchase an annuity (from an IRDA-regulated Life Insurance Company). In case of the Local Bodies employees the annuity should provide for pension for the lifetime of the employee and his dependent parents and his spouse at the time of retirement. The individual would receive a *lump sum* of the remaining pension wealth, which he would be free to utilise in any manner. Individual would have the flexibility to leave the pension system prior to age 60. However, in this case the mandatory annuitisation would be 80% of the pension wealth.

(iv) *Architecture of the New Pension System* : It will have a Central Record Keeping and Accounting (CRA) Infrastructure, several Pension Fund Managers (PFMs) to offer three categories of scheme *viz.*, option A, B and C.

(v) The participating entries (PFMs and CRA) would give out easily understood information about past performance, so that the individual would be able to make informed choices about which scheme to choose.

2. The effective date for operationalisation of the new pension system shall be from 1st January 2004.

3. *Architecture of the scheme.*— The Government of India has constituted the Pension Fund Regulatory and Development Authority (PFRDA) to implement the New Pension Scheme which in turn has appointed the following five intermediaries with their functions indicated against each :

Sl. No.	Institution	Functions
1	New Pension Scheme (NP) Trust	Responsible for security and management of individuals assets.
2	M/s. National Securities Depositories Limited (NSDL) (Central Record Keeping Agency) (CRA).	Responsible for record keeping.
3	Pension Fund Managers: (5) State Bank of India (6) Union Trust of India (7) LIC	Responsible for investment.
4	Bank of India, New Delhi. (Trustee Bank)	To receive funds and distribute it to the Pension Fund Managers (Responsible for financial transaction).
5	M/s. Stock Holding Company of India Limited (Custodian of Pension Fund).	Responsible for holding stock.

4. *The roles of local functionaries.*— For the purpose of this scheme, Pay and Accounts Officer (PAO), Nodal Officer and Drawing and Disbursing Officer (DDO) shall be as follows :

(i) “Pay and Accounts Officer” means the Director of Accounts and Treasuries, Puducherry.

(ii) “Nodal Officer” means the officer appointed in the Directorate of Local Administration having a role in the implementation of New Pension Scheme.

(iii) “Drawing and Disbursing Officer” means either the Commissioner of the Local Body concerned or any officer in the Local Body declared as Drawing and Disbursing Officer.

The role of Pay and Accounts Officer, Nodal Officer and the Drawing and Disbursing Officers (DDOs) is as indicated against each :

Local functionaries	Role(s)
(1)	(2)
Pay and Accounts Officer, (Directorate of Accounts and Treasuries).	The role(s) assigned to the Pay and Accounts Officers in the guidelines issued by Government.

(1)	(2)
<p>Nodal Officers in the Directorate of Local Administration.</p>	<p>(i) A common fund shall be constituted by collecting the employee's contribution and the employee's matching contribution under the New Pension Scheme.</p> <p>(ii) He shall open two separate bank accounts (one for maintaining employee's contribution and another for maintaining employer's equal matching contribution) in the Bank of India, Puducherry Branch or State Bank of India, Puducherry.</p> <p>(iii) An amount equal to at least two months contribution payable by the employees and the matching contribution payable by employer shall be credited in advance into the Bank account.</p> <p>(iv) Every month before the date of salary payment, the total contribution payable by the employees and the matching contribution payable by the Local Body concerned shall be assessed and two separate cheques shall be drawn out of the above said account (<i>i.e.</i> one for employee's contribution and another for employer's contribution) and it shall be forwarded to the Directorate of Accounts and Treasuries, Puducherry, alongwith the full details of employee's contribution and the employer's contribution (both print and electronically) in the <i>pro forma</i> enclosed for onwards transmission to Bank of India, New Delhi (Trustee Bank), in time to ensure its timely investment.</p> <p>(v) Amount in the common bank account shall be got replenished by remittance of separate cheques/demand drafts after pay bills are duly passed for payment for the month.</p> <p>(vi) He shall coordinate with the Deputy Director of Accounts and Treasuries, in-charge of New Pension Scheme and arrange to send the consolidated contribution every month through the Directorate of Accounts and Treasuries to the Trustee Bank (Bank of India, New Delhi).</p>
<p>Drawing and Disbursing Officer of the Local Bodies.</p>	<p>The role(s) assigned to the Drawing and Disbursing Officer in the guidelines under para (2).</p>



5. *Recovery of arrears of employee's contribution and matching contribution of Local Bodies.*— As the New Pension Scheme has been introduced with effect from 1-1-2004, the backlog of employee's contribution shall be recovered in monthly instalments alongwith the recovery for current month. For this purpose, one month recovery towards the past period shall be recovered in the regular salary bills of the employees. As regards the employer's (Local Body) contribution payable for the past periods, the entire arrears shall be paid in one or two instalments.

6. *Application of Government orders, decisions, instalments, clarification, etc.*— All orders, decisions, instructions and clarifications issued by the Government from time to time under the New Pension Scheme shall *mutatis mutandis* be applicable to the employees of Local Bodies who have joined on or after 1-1-2004.

(By order)

**K. SARANGAPANI,**  
Under Secretary to Government (LA).

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